



## HEBER CREEPER

P.O. BOX 69, HEBER CITY, UTAH 84032

PHONE: (801) 654-2621

February 4, 1976

Mr. Jim Berry  
Mr. Craig Drury  
Mr. Bob Price

Gentlemen,

The enclosed budget forecasts are submitted to you all for analysis and comment. Please, if there are any areas you feel are out of line, lets discuss them.

There are two areas of judgment that need to be made before this proposed budget is realistic. One is the basic need for the companys financial requirements as they exist today, expressed in terms of the amount of cash surplus necessary at the end of the operating season just to take care of current principle requirements, and the other is a basic understanding of the amount of new capital that will be necessary to create or modify the equipment so that the sales capacity can be equal to the budget. We must all remember that the development of any new concepts requires cash, and we would have to borrow it, which will increase our interest expense over what we have projected, and which must be paid back increasing our need for profits.

Assuming that our corporation structure (ie. division 10 regular train revenues, division 20 train food and beverage, and division 40 Hub Cafe) can generate a yearly profit of \$80,000.00 total, which is over three times what we have done in the past, we will have the following cash situation at the end of the year:

Profit	\$80,000.00	Plus Depreciation (a non cash expense)	\$17,500:	\$98,000.00
S.B.A. Note Principle Payments:			\$17,000.00	(approximately)
Short Term Note Paybacks			30,000.00	(estimated)
Principle of Tractor Payments			3,000.00	(approximately)
Water Softner Payments, Principle			<del>\$2,200.00</del>	(balance due) <i>700.00</i>

need for funds to carry through the winter, non-operating season, assuming very little payroll, minimum of \$4,000.00 per month, for January, February, March and April, plus approximately \$10,000.00 in startup expenses: \$26,000.00. Total of above: \$77,000.00, possible funds available for reinvestment: \$21,000.00

However, there are already Short Term notes from Stockholders and Directors in excess of \$40,000.00 (Payment of which is possibly postponable.)

The other areas of investment to which we must immediately apply a dollar amount in order for us to impliment the marketing concept we have all agreed upon include the following items:

1. Renovate Hospital Car to and additional Diner, costs involved:

- A. Removal of excess partitions.
- B. Recover walls with paneling or some type of wall covering
- C. Carpet
- D. Drapery
- D. Tables
- F. Chairs
- G. Linen and Dishes
- H. Toilet Rooms(?)
- I. Paint Interior
- J. Paint Exterior
- K. Electrical midifications
- L. Air Conditioning
- M. Modify Windows where bad

2. Renovate Hospital Car into Kitchen Preparation Car and Warehouse:

- A. Sewer and water facilities
- B. Power Requirements
- C. Equipment needed, modification of exhisting, addition of new.
- D. Movement and placing.
- E. Painting interior and exterior where needed

3. Renovate Hospital Car into Stationary Concession Car:

- A. Sewer and water facilities
- B. Partition removal if necessary
- C. Painting interior
- D. Painting exterior
- E. Repair Windows
- F. Repair Floors
- G. Equipment required for dispensing of food
- H. Power requirements for games etc.

4. Renovate Chair Car into Theater Car

- A. Paint Exterior
- B. Paint Interior
- C. Remove seats and prepare floor for carpet
- D. Upholster seats
- E. Carpet floor
- F. Fix windows
- G. Drape windows
- H. Sound system

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# GROSS PROFIT ANALYSIS

## DIVISION 20

NIGHTTRAIN: Cover, Charge, NIGHT TRAIN Food, NIGHT TRAIN Lounge,  
DAY Diner, CHARTER Food, MONDAY NIGHT Food.

	Season End	
	Oct 3, 1976	GROSS
	GROSS Sales	PROFIT
Night train cover charge -	7900.00	7900.00

Based on \$1.50 per person, justified: To cover for live entertainment  
Therefore, expect 5266 people on NIGHT TRAIN during season. From  
MOTHERS DAY weekend to Oct. 2nd, expect 2nd Diner to be ready - NO  
FREE Riders, or cover charge riders or concept must be changed.  
44 runs, Ave.= 120 per run.

NIGHT TRAIN FOOD	55300.00	
Food Cost - 35%	16,590.00	
Labor Cost - 35%	16,590.00	(33180.00)
Gross Profit -		22120.00

Based on projected ticket sale of 10.50 per person Ave. meal check

LOUNGE INCOME	6570.00
Cost of liquor mix (60%)	(3942.00)
Cost of Labor -	(1400.00)

Based on increased cost of liquor mix - 1975 Average=1.05 per person  
on Night Train. Assume Ave. of 1.25 X 5000 people= 6520.00. Labor  
based on last year, plus + 20%  
Lounge Gross Profit 1228.00

CHARTER FOOD/LOUNGE	8250.00
Based on guess, but tied to budget of sales, last year charter Food/Lounge was 18.5% of charter sales, projection based on approx. same wage and labor cost 70%	(5775.00)
Gross Profit	2475.00

DAY DINER	
Gross Sales	18700.00
Food and Labor - 70%	(13090.00)
Gross Profit	5610.00

Based on slight increase over 1975 Due to: 1. Same ratio as to  
gross ticket sales (9%) 2. Increase<sup>dr</sup> to power car (quieter) (2%)  
3. Increase due to better preparedness (2%) 4. Increase to more  
agressive management (2%)  
Maximum sales would be 98 people times 2.50 each X 144 runs or  
35,280.00 out of one diner therefore the above figure is only  
53% capacity.

MONDAY NIGHT TRAIN - FOOD

Gross Sales-	3000.00	
Food and Laobr Cost 70%	(2100.00)	
Gross Profit		900.00
Justification: Guess		

Total Division Gross Sales	99720.00	
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Total Division Gross Profit		40233.00
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Corporate Expense		30000.00
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NET PROFIT		\$ 10233.00
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EXPENSE ALLOCATION  
Division 20

ADVERTISING: 6,000.00

DIRECT OPERATING COST NIGHT TRAIN: 8,500.00

Steward-Stewardess -	1500.00
Fireman Conductor Engineer	2600.00
Hostler	400.00
Fuel	4000.00

OTHER WAGES:

Administrative (Bob Price)	1,300.00
Maintenance (yard men, ect.)	1,000.00
Cleaning and Busing (interior only)	750.00

Payroll taxes	300.00
Accounting	500.00

Cleaning supplies	200.00
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Employee uniforms	250.00
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Taxes and Licenses	200.00
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Printing Costs	500.00
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Lounge Entertainment	2,200.00
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Linen, Dishes, Silverware	2,000.00
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Fuel (Propane, Diesel Fuel, Ect.)	800.00
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Depreciation	5,500.00
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TOTAL DIVISION EXPENSE	30,000.00
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## SALES SUMMARY PROJECTION

### #10 SALES CLASSIFICATION

Sales Broken Down to Primary Responsibility  
of Sales Creation Jim Berry - Sales, Craig  
Drury, - Profit.

Gross Ticket Sales	164500.00
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Budget increase based on approximately 15%  
increase over 1974, 1974 ticket cost 10%  
less than 1976, therefore, expecting 5%  
increase in actual number of people over 1974.

Charter Sales	43750.00
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Increase Based on Minimum Productivity of Full-  
Time personnel, personal efforts, otherwise  
Individual probably failed and program effort  
wrong.

Resident Pass	4000.00
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Classification Mis-number - Actually sales of  
10-Ride passes to County Residents, Business  
houses anywhere, stockholders etc. Could possibly  
be most under-rated sales potential -Should we  
change name?

Monday Night Train	10500.00
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Sleeper in 1975, growth projected because of 1975  
popularity growth as people became aware of it, Expect  
it to take off about where it ceased, and grow -  
potential for adding another night, Above figure based  
on running Mondays in September.

These four sales classifications are the key to our success  
they are 100% gross profit dollars. All other sales class-  
ifications are dependent upon them - Success for year  
dependent upon how close we come to this. Any sales above  
these figures are almost direct to net profit unless we have  
to add more trains.

TOTAL	2222750.00
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Gift Sales, Depot (Main responsibility  
Craig)

	18750.00	
less cost of goods sold	(10312.50)	
GROSS PROFIT		\$ 8437.50

Margin based on a minimum average mark-up of 100% allowing 25% shrink, netting minimum of 45% Gross sales based on an increase due to increase in number of total patrons, plus more experience in knowing what sells. Depot sales amounted to 8.3% of gross ticket and charter sales in 1974, 9.67% in 1975 - projection 9% in '76.

Concession car - (Mobile) Craig

	22275.00	
less cost of food (50%)	11138.00	
GROSS PROFIT		11137.00

Based on same rational as above - sales in 1974 11.8% of ticket sales 13.75% in 1975, projection for 1975 13.5%. However, no growth because of more food at Depot, plus more aggressive Diner program.

Concession Car - (stationary) Craig

	14500.00	
less cost of food	7250.00	
GROSS PROFIT		7250.00

Frankly, a guess - possible weakest area in forecast. Dependent on increases in number of people.

TOTAL DIVISION #10	Gross Sales	278275.00	
TOTAL DIVISION #10	Gross Profit		252574.00

EXPENSE BUDGET, #10, Sales Classifications: Gross ticket sales, charter sales, resident pass sales, gift sales, depot, concession car (mobile), concession car stationary

	1976
	Jan 1,-
	<u>Oct. 4</u>
Advertising Share of Budget	19000.00
Wages	
General and Administrative (Craig and Cindy)	10000.00
Ticket Sales(15% over 1975)	1450.00
Food Sales Concession car	2200.00
Food Sales (stationary)	1300.00
(frankly a guess, same % of sales as other car)	
Gift Shop 15% over 1975	1000.00
Yard " "	2700.00
Maintenance " "	10250.00
Engineer, Fireman, Conductor (10% inc.)	15000.00
Steward and Stewardess (20% inc.)	10750.00
Restoration and Construction(Not an expense, capitalized)	5000.00*



(2)  
Gross Sales  
1974

Gross Sales  
1975

1976  
Budget

SEASON SUMMARY

Ticket Sales	143364.91	123706.04	164500.00
Charter Ticket Sales	13499.57	10409.24	43750.00
Resident Pass	1640.86	1255.64	4000.00
NIGHT TRAIN Tickets ('76 Cover chg.)	9253.22	15184.19	7900.00
NIGHT TRAIN Food	2456.26	19256.95	55300.00
NIGHT TRAIN Lounge	—	3028.78	6570.00
Charter Food/Lounge	—	1934.75	8250.00
Gift Sales Depot	12976.40	12971.13	18750.00
Concession Car (Mobile)	17563.64	17011.40	22275.00
Concession Car (Stationary)	—	—	14500.00
Monday Night Train-Tickets	—	?	10500.00
Monday Night Train - Food	—	?	3000.00
Day Diner Income	—	11392.22	18700.00
Other Income	3766.29	8568.73	—
Discounts Purchases	2069.33	256.40	
Bridal Veil Falls Gifts	15748.97		
B.V.F. Snak	12112.71		
TOTAL	234402.16	225151.29	377995.00
Gross Profit for Year	204836.42	209291.87	



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## SALES PROJECTIONS BY MONTH FOR SEASON 1976, Jan 1, to Oct 3

	Gross Sales <u>1974</u>	Gross Sales <u>1975</u>	<u>Budget</u>
<u>April</u>			
Ticket Sales (In May)		25.01	500.00
Charter Sales (In May)		323.57	750.00
Resident Pass Sales	--	--	500.00
Food Sales, Concession Car	--	98.33	175.00
Gift Sales, Depot			<u>150.00</u>
			2075.00
<u>May</u>			
Ticket Sales	5156.97	6298.30	7000.00
Charter Ticket Sales	6392.30	5924.28	7000.00
Resident Pass Sales	--	100.49	1000.00
Day Diner Income	--	648.71	1000.00
NIGHT TRAIN Tickets	--	*1514.48	500.00*
NIGHT TRAIN Food	--	2337.29	3500.00
NIGHT TRAIN Lounge	--	300.29	420.00
Charter Food/Lounge	--	61.50	250.00
Gift Sales Depot	604.89	984.63	1200.00
Concession Car (Mobile)	1080.33	1749.41	2000.00
Concession Car (Stationary)	--	--	1000.00
Monday NIGHT TRAIN			2000.00
Monday Night Food			<u>500.00</u>
			27370.00
<u>June</u>			
Ticket Sales	26769.08	21275.79	30000.00
Charter Ticket Sales	1317.71	2149.08	9000.00
Resident Pass Sales	312.08	236.87	500.00
Day Diner Income	--	2207.69	4500.00
NIGHT TRAIN Income	1477.51	3507.45	1500.00
NIGHT TRAIN Food (% of F.G.)		4289.95	10500.00
NIGHT TRAIN Lounge " "		709.86	1250.00
Charter Food/Lounge	--	705.69	2000.00
Gift Sales Depot	3072.61	3035.10	4500.00
Concession Car (Mobile)	2655.79	2827.17	4000.00
Concession Car (Stationary)	--	--	3000.00
Monday NIGHT TRAIN			1800.00
Monday Night Food			<u>500.00</u>
			73050.00

	Gross Sales <u>1974</u>	Gross Sales <u>1975</u>	<u>Budget</u>
<u>July</u>			
General Ticket Sales	41386.19	39285.28	47000.00
Charter Ticket Sales	2333.32	360.00	9000.00
Resident Pass Sales	383.84	786.99	1000.00
Day Diner Income	—	3332.15	5000.00
NIGHT TRAIN Ticket	2384.69	3086.99	2000.00
NIGHT TRAIN Food	—	3927.11	14000.00
NIGHT TRAIN Lounge	—	711.34	1650.00
Charter Food/Lounge	—	541.18	2000.00
Gift Sales Depot	4110.97	4119.86	5000.00
Concession Car (Mobile)	3468.25	4606.26	5600.00
Concession Car (Stationary)	—	—	4000.00
Monday NIGHT TRAIN	—	—	2000.00
Monday Night Food	—	—	600.00
			<u>98850.00</u>

<u>August</u>			
General Ticket Sales	45495.05	39285.28	52000.00
Charter Ticket Sales	2842.93	360.00	9000.00
Resident Pass Sales	383.84	786.99	500.00
Day Diner (net)	629.68	4687.20	5400.00
NIGHT TRAIN Ticket	3582.41	5723.99	2400.00
NIGHT TRAIN Food	—	5508.00	16800.00
NIGHT TRAIN Lounge	—	895.20	2000.00
Charter Food/Lounge	—	—	2000.00
Gift Sales	3805.63	3868.63	5100.00
Concession Car (Mobile)	5886.94	5957.87	7500.00
Concession Car (Stationary)	—	—	5000.00
Monday NIGHT TRAIN	—	—	2700.00
Monday Night Train Food	—	—	800.00
			<u>111200.00</u>

September/October

Operated on Friday in 1974, on Saturday and Sunday in 1975, Must operate minimum of 3 days a week - must think of school charter in September. In 1976, offer wage incentive, also Labor Day in 5 days later, 3 extra days in '76.

Gross ticket Sales	24512.13	14085.21	28000.00
Charter Ticket Sales	615.89	1230.57	9000.00
Resident Pass Sales	394.70	131.29	500.00
Day Diner Income (Lease net)	1409.80	442.87	2800.00
NIGHT TRAIN Covercharge (Inc. Monday Night 1975)	1808.61	973.83	1500.00
NIGHT TRAIN Food	—	2611.85	10500.00
NIGHT TRAIN Lounge	—	395.52	1250.00
Charter Food/Lounge	—	375.05	2000.00
Gift Sales Depot	1382.30	720.70	2800.00
Concession Car (Mobile)	2472.33	1537.21	3000.00
Concession Car (Stationary)	—	—	1500.00
Monday NIGHT TRAIN Ticket (4)	—	—	2000.00
Monday Night Train Food	—	—	600.00
			<u>65450.00</u>

Track (Not an expense, Capitalized)	5000.00
Payroll Expenses and Insurance	9400.00
Dues and Subscriptions	20.00
Legal	200.00
Accounting	1500.00
Insurance	14000.00
Interest	15000.00
Cleaning and Operating Supplies	1600.00
Office Supplies and Pstage	1850.00
Employee Uniforms	250.00
Utilities	2200.00
Telephone	2275.00
Ticket printing	700.00
Bank Credit Card	400.00
Property Tax	5500.00
Lease Expense- Right of Way	8000.00
Lease Expense- Equipment	350.00
Repair and Maintenance Engines, equipment, buildings, track, tools, and equipment	15000.00
Fuel, Oil, and Grease	20000.00
Misc. and General	5000.00
Depreciation	12000.00

197895.00